

# **Business Results for the Three and Nine Months ended December 31, 2009**

**January 28, 2010**

**Corporate Planning  
Komatsu Ltd.**

# 1. Results for the Three Months ended December 31, 2009

## Highlights of the Three Months ended December 31, 2009

- 1. Sales & profits:** While both sales and profits declined from the third quarter a year ago, both increased from the second quarter (July – September 2009) of the current fiscal year.

	Oct. – Dec., 2009	Vs. Oct. – Dec., 2008	Vs. Jul. – Sep., 2009
Net sales	357.9 bil yen	(17.0)%	+10.0%
Operating income	16.3 bil yen	(59.7)%	+41.7%
Operating income ratio	4.6%	(4.8) points	+1.1 points
Net income*	10.1 bil yen	(21.7)%	+195.7%

\* Upon adoption of the FASB Accounting Standards Codification (ASC) 810 (formerly SFAS No.160), “Net income” is equivalent to “Net income attributable to Komatsu Ltd.”

## 2. Performance by business segment:

### - Construction, Mining & Utility Equipment

- Sales and segment profit declined by 16.3% and 40.6%, respectively, from the third quarter a year ago, as affected by sluggish demand continuing in Japan, North America and Europe, in addition to the appreciation of the Japanese yen.
- When compared with the second quarter of the current fiscal year, sales and segment profit improved by 11.2% and 74.9%, respectively, reflecting the recovery of demand in some emerging economies, such as Indonesia, India and Brazil in addition to China, and proactive inventory reduction efforts made up through the second quarter. Segment profit ratio improved to 7.4%.

### - Industrial Machinery & Others

- Both sales and segment profit (loss) declined from the third quarter a year ago as well as the second quarter of the current fiscal year, as continuously affected by restrained investment by the automobile and other manufacturing industries.

## Sales and Profits for the Three Months ended December 31, 2009

% Profit ratio

[ ]:Sales after elimination of inter-segment transactions

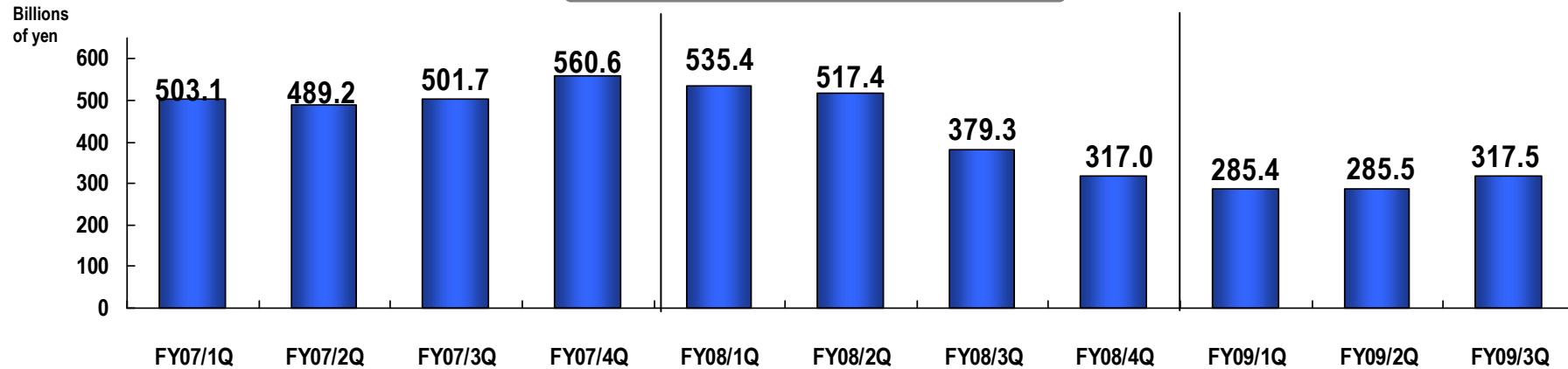
Billions of yen

	Oct. - Dec., 2008 (A) 1USD=95yen 1EUR=126yen		Jul. - Sep., 2009 (B) 1USD =93yen 1EUR=133yen		Oct. - Dec., 2009 (C) 1USD =90yen 1EUR=133yen		Vs. Oct. - Dec., 2008 (C-A)		Vs. Jul. - Sep., 2009 (C-B)	
	Increase (decrease)	%	Increase (decrease)	%	Increase (decrease)	%	Increase (decrease)	%	Increase (decrease)	%
<b>Net sales</b>	<b>431.4</b>		<b>325.5</b>		<b>357.9</b>		(73.4)	(17.0)%	+32.4	+10.0%
Construction, Mining & Utility Equipment	[378.4] 379.3		[284.9] 285.5		[316.8] 317.5		[(61.5)] (61.8)	[(16.3)%] (16.3)%	[+31.9] +31.9	[+11.2%] +11.2%
Industrial Machinery & Others	[52.9] 58.8		[40.6] 44.9		[41.0] 44.0		[(11.8)] (14.8)	[(22.5)%] (25.2)%	[+0.4] (0.8)	[+1.1%] (2.0)%
Elimination	(6.8)		(4.9)		(3.5)		+3.2	-	+1.3	-
<b>Segment profit</b>	9.6% 41.5		4.0% 12.9		5.8% 20.8		(20.7)	(50.0)%	+7.8	+60.9%
Construction, Mining & Utility Equipment	10.4% 39.3		4.7% 13.3		7.4% 23.3		(15.9)	(40.6)%	+9.9	+74.9 %
Industrial Machinery & Others	4.0% 2.3		1.8% 0.7		(3.2)% (1.3)		(3.7)	-	(2.1)	-
Corporate & elimination	(0.1)		(1.2)		(1.1)		(1.0)	-	+0.0	-
Other operating income (expenses)	(1.0)		(1.4)		(4.4)		(3.4)	-	(3.0)	-
<b>Operating income</b>	9.4% 40.5		3.5% 11.5		4.6% 16.3		(24.2)	(59.7)%	+4.8	+41.7%
Other income (expenses)	(19.1)		(1.7)		(0.0)		+19.0	-	+1.7	-
<b>Net income before income taxes</b>	<b>21.3</b>		<b>9.7</b>		<b>16.2</b>		(5.1)	(24.0)%	+6.5	+67.0%
<b>Net income*</b>	<b>12.9</b>		<b>3.4</b>		<b>10.1</b>		(2.8)	(21.7)%	+6.7	+195.7%

\* Upon adoption of the FASB Accounting Standards Codification (ASC) 810 (formerly SFAS No.160), "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

## Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit

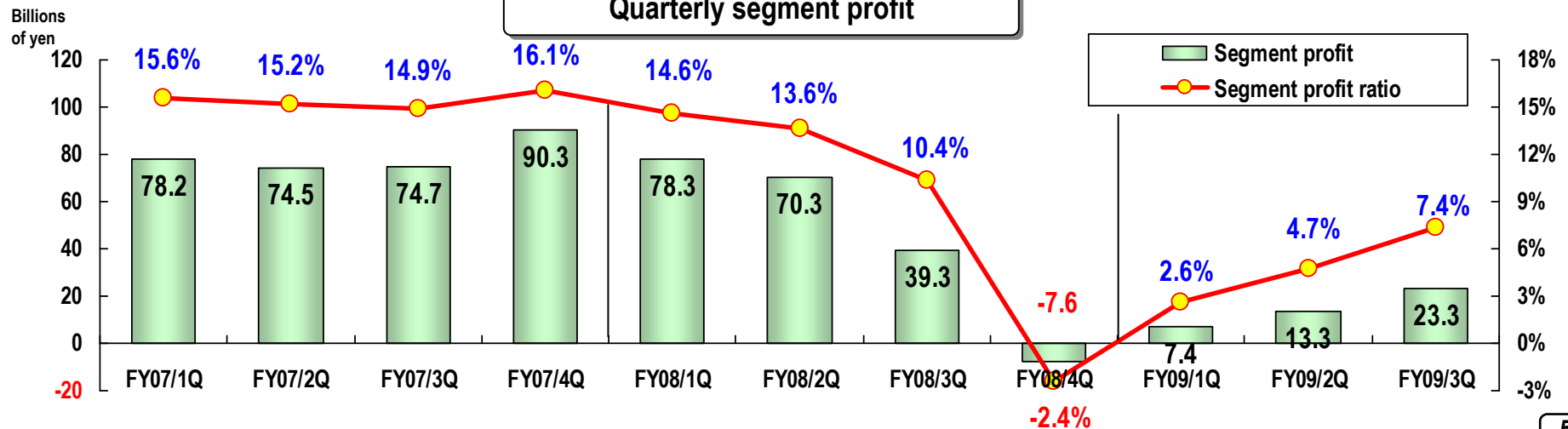
Quarterly sales



Exchange rates

	07/1Q	07/2Q	07/3Q	07/4Q	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q
1USD	122yen	117yen	113yen	104yen	105yen	107yen	95yen	95yen	97yen	93yen	90yen
1EUR	164yen	162yen	165yen	158yen	165yen	159yen	126yen	123yen	133yen	133yen	133yen

Quarterly segment profit



## Construction, Mining & Utility Equipment : Sales (To Outside Customers) by Region

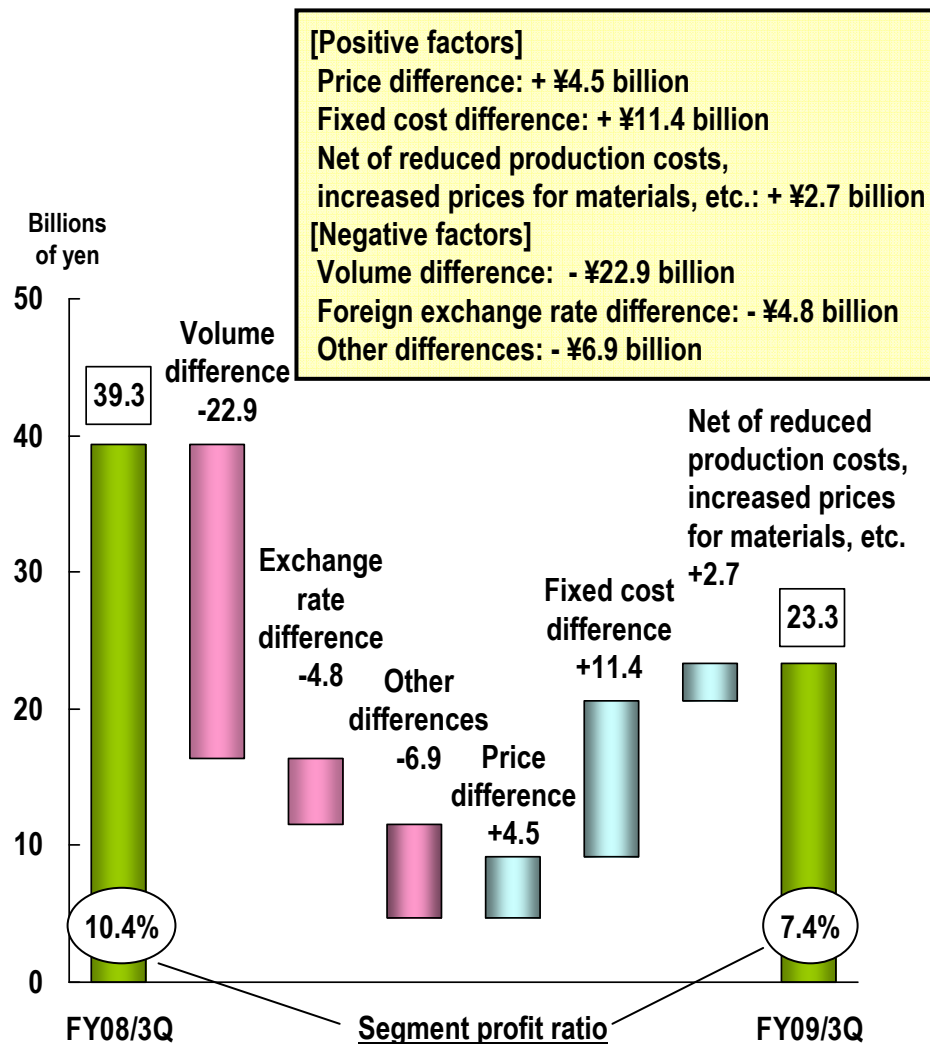
< Three months from October through December, 2009 >

Billions of yen

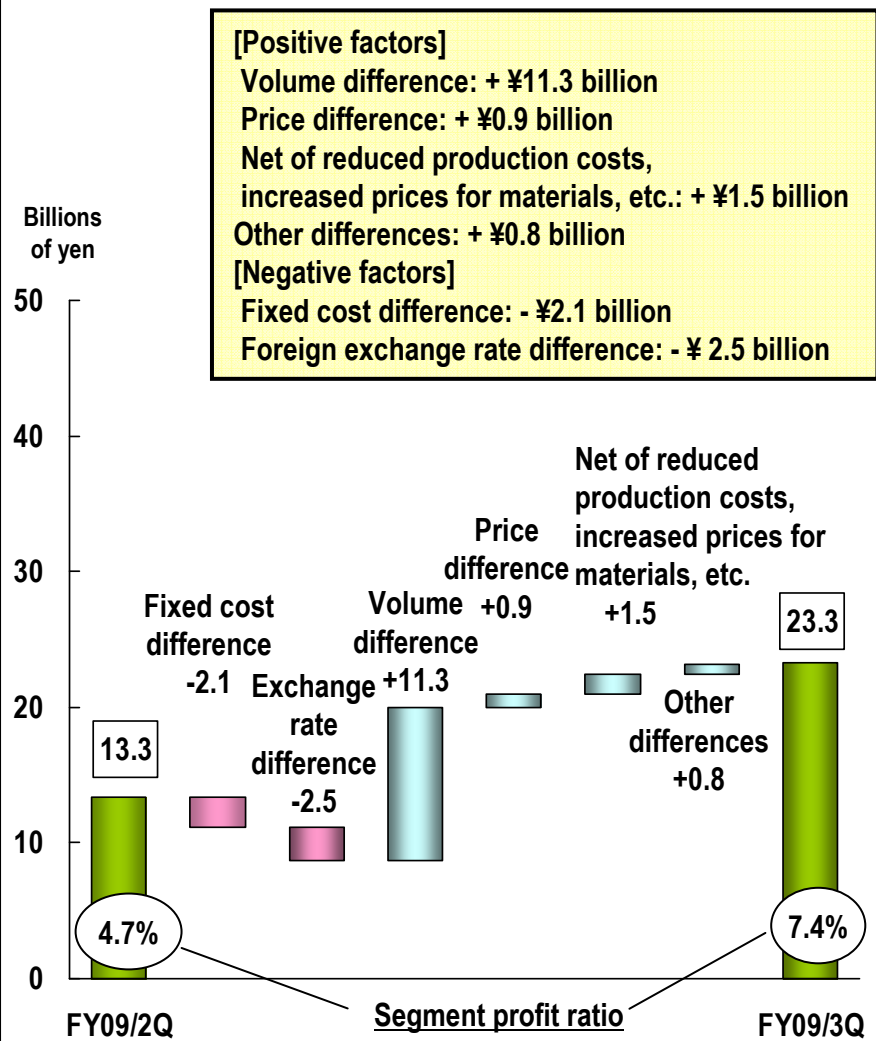
	Oct. - Dec., 2008 (A)		Jul. - Sep., 2009 (B)		Oct. - Dec., 2009 (C)		Vs. Oct. - Dec., 2008 (C-A)		Vs. Jul. - Sep., 2009 (C-B)	
		Ratio		Ratio		Ratio	Increase (decrease)	Change	Increase (decrease)	Change
Japan	84.4	22.3%	54.7	19.2%	60.6	19.1%	(23.7)	(28.1)%	+5.8	+10.7%
North America	55.0	14.6%	32.3	11.4%	31.6	10.0%	(23.4)	(42.6)%	(0.7)	(2.3)%
Europe	24.6	6.5%	20.7	7.3%	22.9	7.2%	(1.7)	(7.0)%	+2.1	+10.4%
Latin America	47.9	12.7%	38.0	13.4%	44.6	14.1%	(3.3)	(7.0)%	+6.5	+17.2%
CIS	22.4	5.9%	5.9	2.1%	7.2	2.3%	(15.2)	(67.8)%	+1.2	+21.1%
China	23.9	6.3%	49.0	17.2%	55.5	17.5%	+31.5	+131.4%	+6.4	+13.1%
Asia & Oceania	65.1	17.2%	62.9	22.1%	73.5	23.2%	+8.3	+12.8%	+10.5	+16.7%
Middle East & Africa	54.6	14.5%	20.8	7.3%	20.7	6.6%	(33.9)	(62.0)%	(0.1)	(0.6)%
<b>Total</b>	<b>378.4</b>	<b>100.0%</b>	<b>284.9</b>	<b>100.0%</b>	<b>316.8</b>	<b>100.0%</b>	<b>(61.5)</b>	<b>(16.3)%</b>	<b>+31.9</b>	<b>+11.2%</b>

## Construction, Mining & Utility Equipment: Causes for Difference in Segment Profit

FY08/3Q vs. FY09/3Q



FY09/2Q vs. FY09/3Q



Positive factors Negative factors

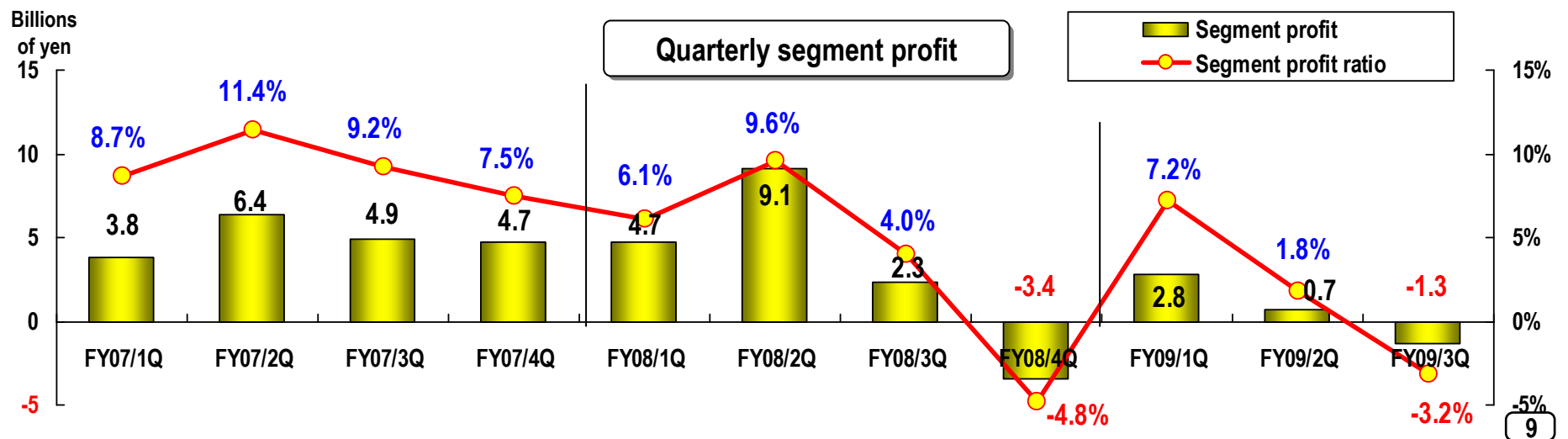
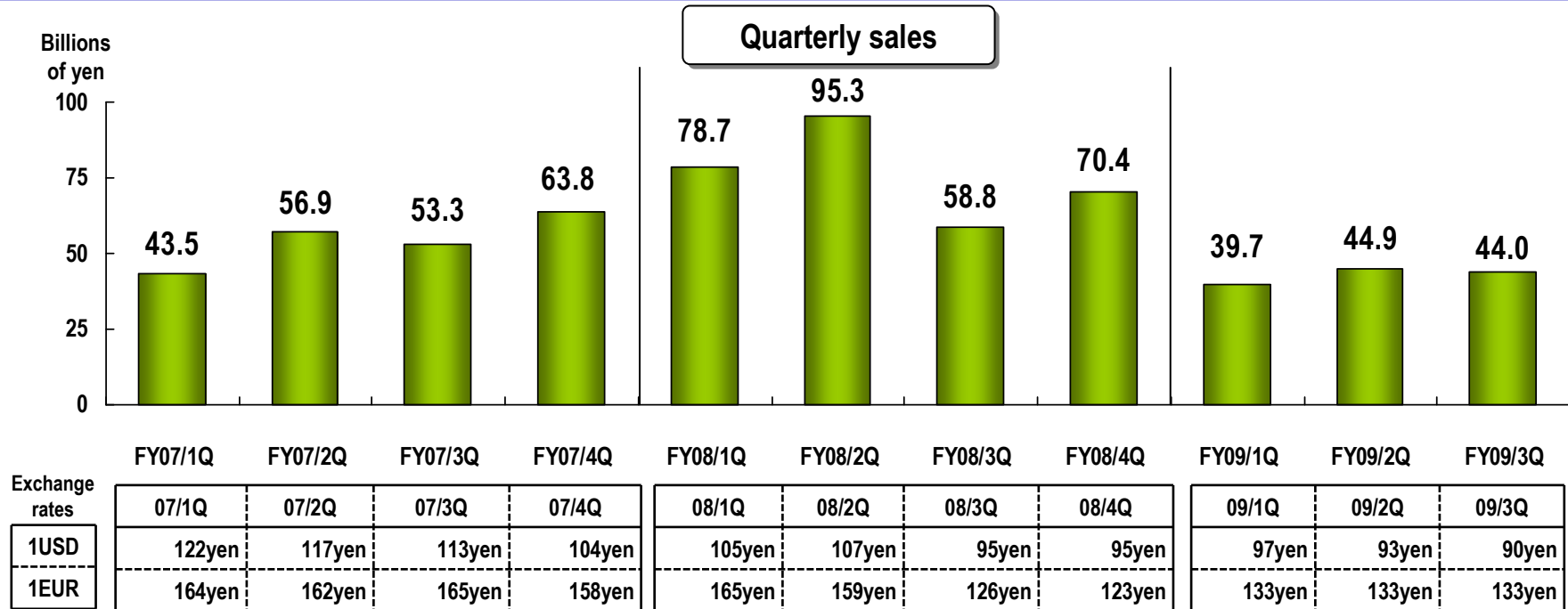
**Construction, Mining & Utility Equipment : Sales and Segment Profit by Region (Geographic Origin)**

&lt; Three months from October through December, 2009 &gt;

Billions of yen

	Oct. - Dec., 2008 (A)		Jul. - Sep., 2009 (B)		Oct.- Dec., 2009 (C)		Vs. Oct.- Dec., 2008 (C-A)		Vs. Jul.- Sep., 2009 (C-B)	
	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit
Japan	236.3	(0.9)	115.4	(13.4)	150.3	(2.4)	(85.9)	(1.5)	+34.9	+11.0
Americas	107.3	11.9	79.3	7.0	84.6	8.0	(22.7)	(3.8)	+5.2	+0.9
Europe & CIS	52.4	3.6	38.7	2.8	40.8	3.0	(11.5)	(0.6)	+2.0	+0.2
Others	88.0	9.2	104.1	13.6	115.7	13.7	+27.6	+4.5	+11.5	+0.1
Total	484.1	23.8	337.8	10.1	391.6	22.4	(92.5)	(1.4)	+53.8	+12.2
Elimination	(104.8)	15.4	(52.2)	3.2	(74.1)	0.9	+30.7	(14.5)	(21.8)	(2.2)
Consolidated	379.3	39.3	285.5	13.3	317.5	23.3	(61.8)	(15.9)	+31.9	+9.9

## Industrial Machinery & Others: Quarterly Sales and Segment Profit



## **2. Results for the Nine Months ended December 31, 2009 and Projection for the Fiscal Year ending March 31, 2010**

## Sales and Profits for the Nine Months ended December 31, 2009

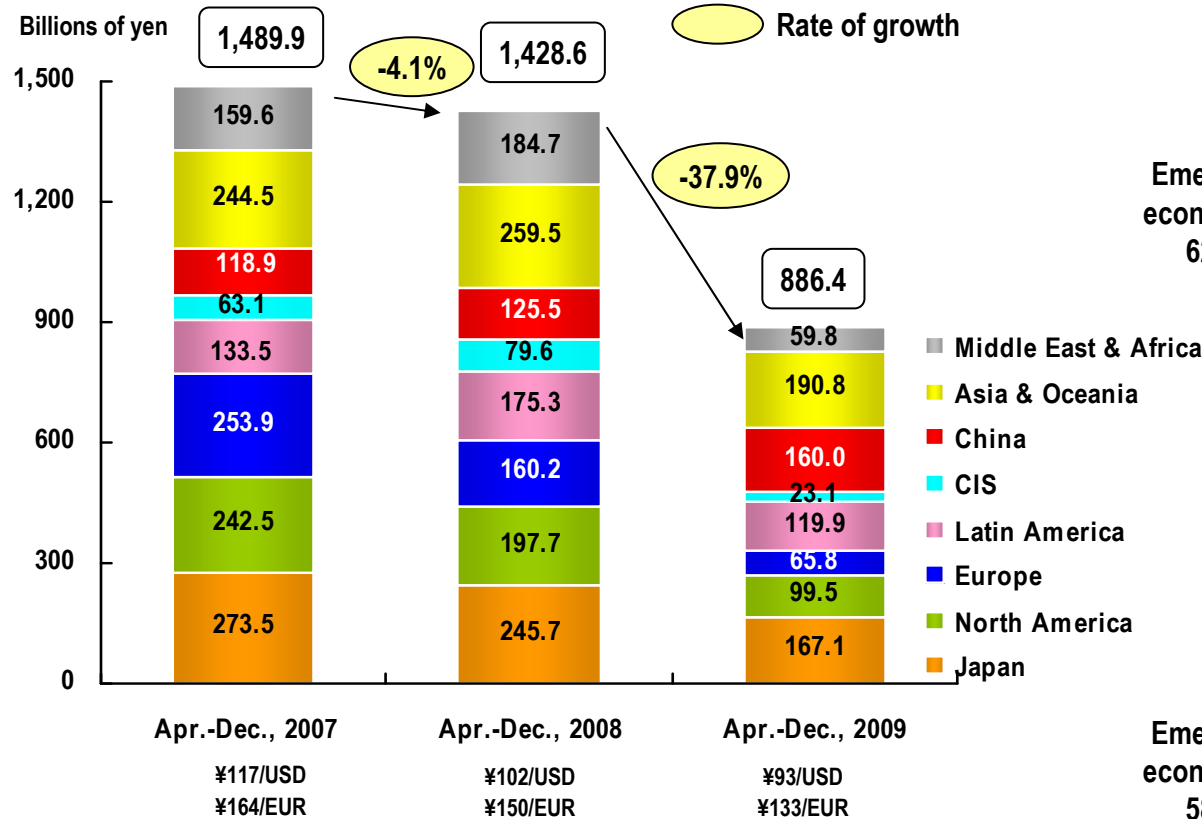
	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">%</span> Profit ratio [ ]: Sales after elimination of inter-segment transactions		Billions of yen	
	Apr. - Dec., 2008 1USD=102yen 1EUR=150yen	Apr. - Dec., 2009 1USD = 93yen 1EUR=133yen	Increase (decrease)	
Net sales	1,642.6	1,003.9	(638.7)	(38.9)%
Construction, Mining & Utility Equipment	[1,428.6] 1,432.3	[886.4] 888.5	[(542.1)] (543.7)	[(37.9)%] (38.0)%
Industrial Machinery & Others	[214.0] 232.9	[117.4] 128.7	[(96.6)] (104.2)	[(45.1)%] (44.7)%
Elimination	(22.5)	(13.3)	+9.2	-
Segment profit	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">12.2%</span> 200.9	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">4.2%</span> 42.2	(158.7)	(79.0)%
Construction, Mining & Utility Equipment	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">13.1%</span> 188.0	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">5.0%</span> 44.1	(143.9)	(76.5)%
Industrial Machinery & Others	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">7.0%</span> 16.2	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">1.8%</span> 2.2	(14.0)	(86.1)%
Corporate & elimination	(3.4)	(4.1)	(0.7)	-
Other operating income (expenses)	(0.7)	(6.1)	(5.3)	-
Operating income	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">12.2%</span> 200.1	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">3.6%</span> 36.0	(164.0)	(82.0)%
Other income (expenses)	(22.0)	(1.4)	+20.6	-
Net income before income taxes	178.1	34.6	(143.4)	(80.5)%
Net income*	113.3	18.3	(94.9)	(83.8)%

\* Upon adoption of the FASB Accounting Standards Codification (ASC) 810 (formerly SFAS No.160), "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

## Construction, Mining & Utility Equipment: Sales (To Outside Customers) by Region

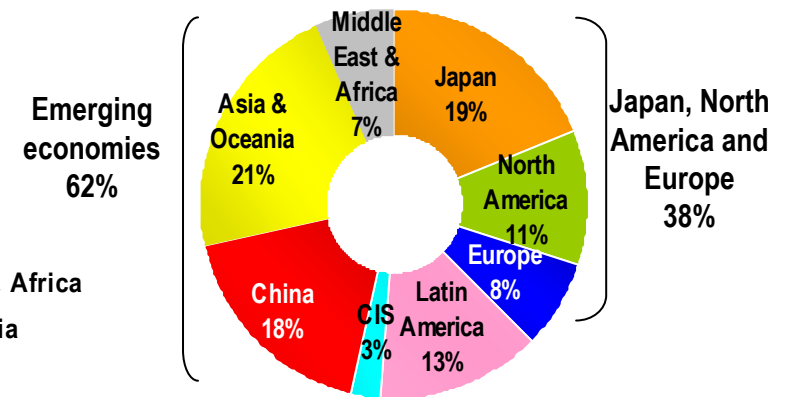
< Nine months from April through December, 2009 >

Sales by region (to outside customers)

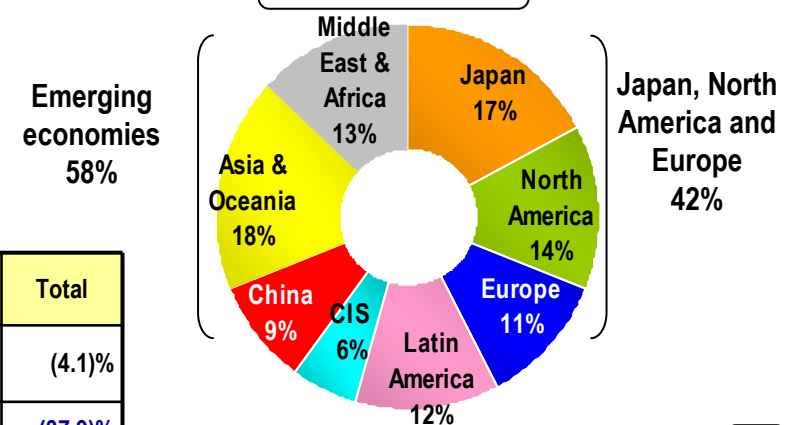


Breakdown

Apr.-Dec., 2009



Apr.-Dec., 2008



Rate of growth (year-on-year basis)

	Japan	North America	Europe	Latin America	CIS	China	Asia & Oceania	Middle East & Africa	Total
Apr.-Dec., 2008	(10.1)%	(18.5)%	(36.9)%	+31.3%	+26.2%	+5.6%	+6.1%	+15.7%	(4.1)%
Apr.-Dec., 2009	(32.0)%	(49.7)%	(58.9)%	(31.5)%	(70.9)%	+27.5%	(26.5)%	(67.6)%	(37.9)%

**Construction, Mining & Utility Equipment : Sales and Segment Profit by Region (Geographic Origin)**

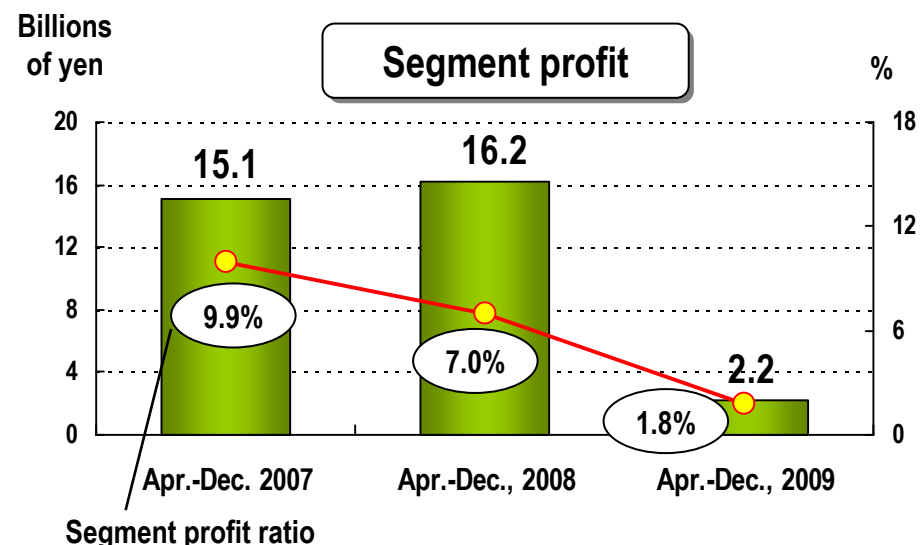
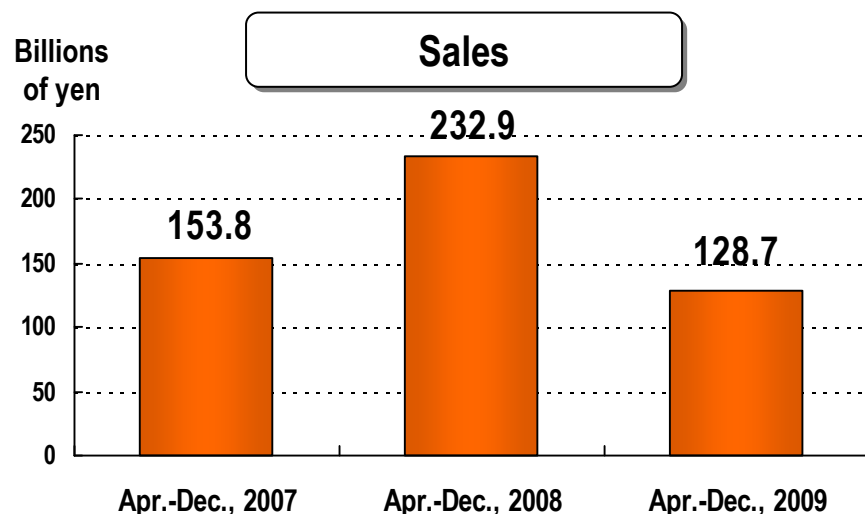
&lt; Nine months from April through December, 2009 &gt;

Billions of yen

	Apr. - Dec., 2008		Apr. - Dec., 2009		Increase (decrease)	
	Net sales	Segment profit	Net sales	Segment profit	Net sales	Segment profit
Japan	811.2	54.8	382.0	(29.5)	(429.1)	(84.3)
Americas	400.9	49.4	245.3	23.3	(155.5)	(26.1)
Europe & CIS	251.9	22.9	120.4	8.0	(131.5)	(14.9)
Others	368.1	50.9	320.6	38.8	(47.5)	(12.1)
Total	1,832.3	178.1	1,068.5	40.5	(763.8)	(137.5)
Elimination	(400.0)	9.9	(180.0)	3.5	+220.0	(6.3)
Consolidated	1,432.3	188.0	888.5	44.1	(543.7)	(143.9)

## Industrial Machinery & Others: Sales and Segment Profit

< Nine months from April through December, 2009 >



### Breakdown of sales and segment profit

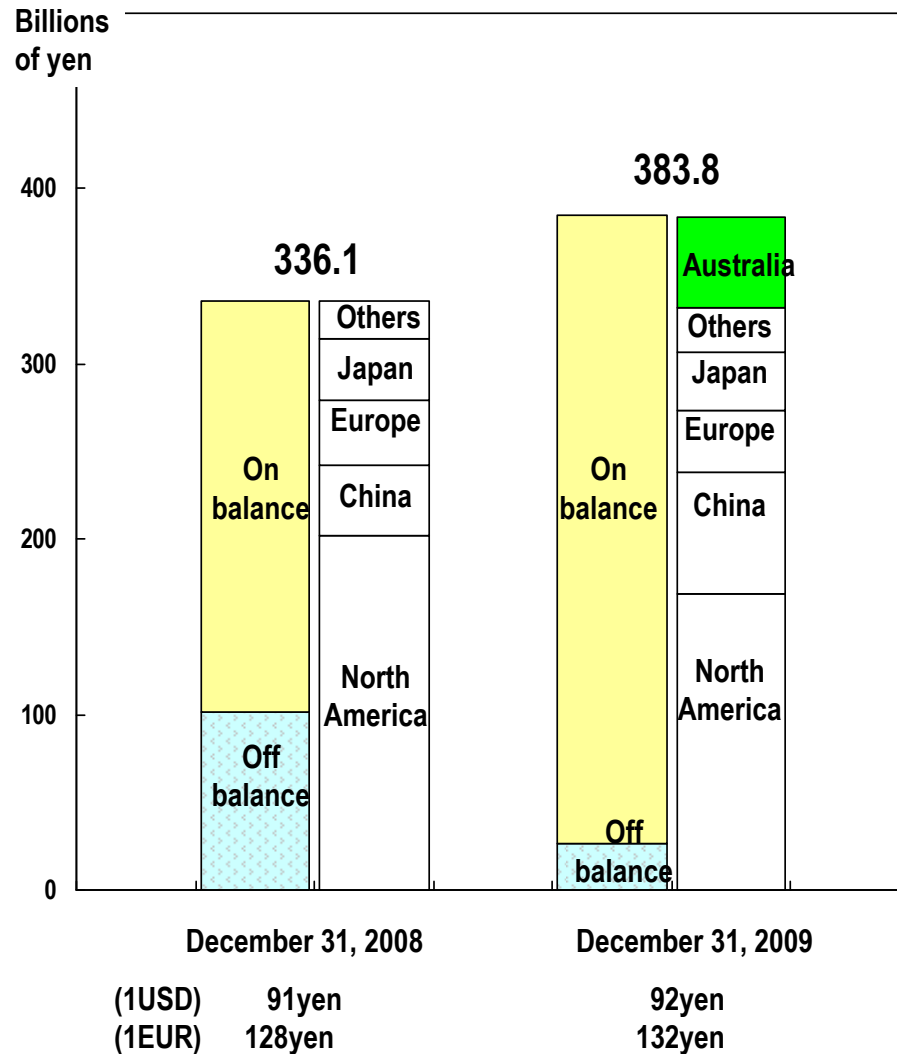
Billions of yen

	Apr.-Dec., 2008		Apr.-Dec., 2009		Increase (decrease)	
	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit
Industrial machinery	160.4	12.6	82.6	(1.6)	(77.8)	(14.2)
Consolidation adjustment of Komatsu NTC	14.6	1.2	0.0	0.0	(14.6)	(1.2)
Others	57.9	2.4	46.1	3.8	(11.8)	+1.4
<b>Total</b>	<b>232.9</b>	<b>16.2</b>	<b>128.7</b>	<b>2.2</b>	<b>(104.2)</b>	<b>(14.0)</b>

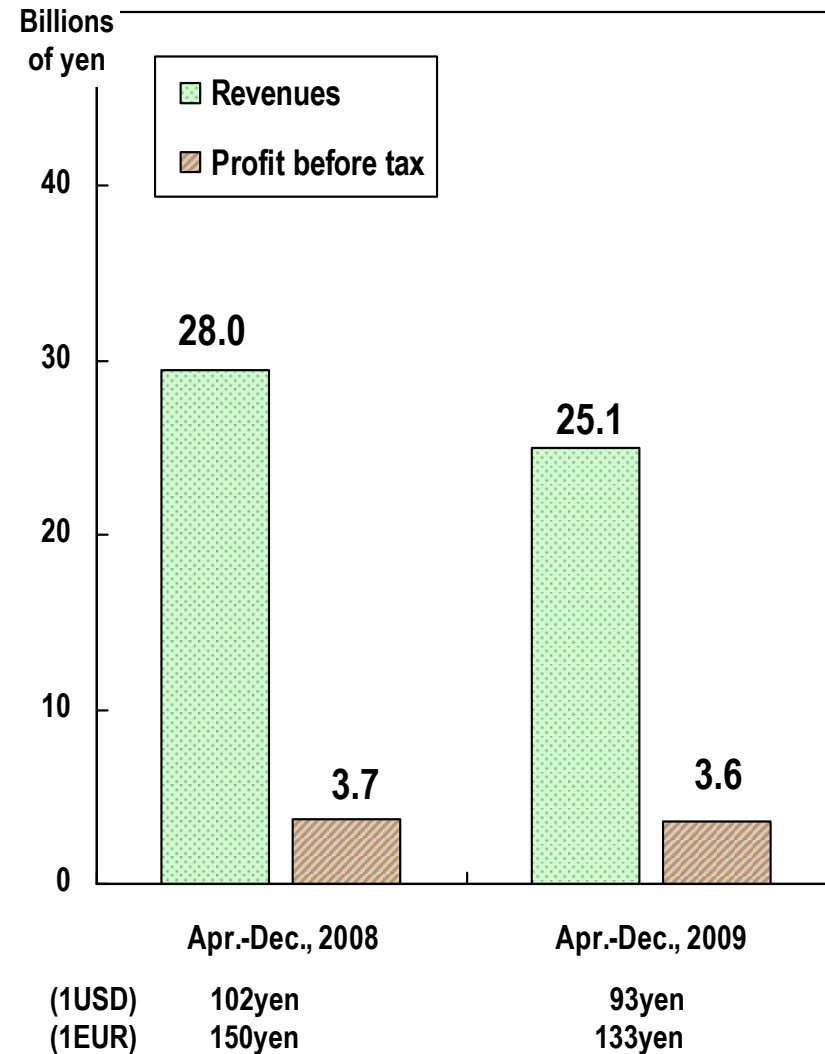
## Retail Finance Business

### Consolidated retail finance subsidiaries (internal-use data)

#### 1. Assets



#### 2. Revenues



## Consolidated Balance Sheets

	Net D/E ratio		Billions of yen	Effects of Consolidation of Komatsu Australia Corporate Finance Pty. Ltd.
	Mar. 31, 2009 1USD=98yen 1EUR=130yen	Dec. 31, 2009 1USD=92yen 1EUR=132yen	Increase (decrease)	
Cash & deposits (Incl. time deposit) [a]	90.6	94.5	+3.8	
Accounts receivable (Incl. long-term trade receivable) <Excl. accounts receivable of consolidated retail finance subsidiaries>	476.8 <308.1>	552.7 <299.1>	+75.9 <(9.0)>	←... [+35.4]
Inventories	507.3	424.8	(82.5)	
Tangible fixed assets	525.4	527.6	+2.1	←... [+13.4]
Other assets	368.7	347.2	(21.5)	
<b>Total assets</b>	<b>1,969.0</b>	<b>1,947.0</b>	<b>(22.0)</b>	
Accounts payable	214.3	182.9	(31.4)	
Interest-bearing debt [b] <Excl. interest-bearing debt of consolidated retail finance subsidiaries>	599.8 <450.7>	638.7 <401.4>	+38.8 <(49.3)>	←... [+44.4]
Other liabilities	306.4	274.1	(32.3)	
<b>Total liabilities</b>	<b>1,120.7</b>	<b>1,095.8</b>	<b>(24.9)</b>	
[% of total assets]	[41.4%]	[41.6%]	[+0.2points]	
Shareholders' equity	814.9	810.8	(4.0)	
Noncontrolling interests (Minority interests)	33.3	40.3	+6.9	
<b>Liabilities &amp; shareholders' equity</b>	<b>1,969.0</b>	<b>1,947.0</b>	<b>(22.0)</b>	
<b>Interest-bearing debt, net [b-a]</b>	0.62    509.2	0.67    544.1	+34.9	
<b>Net D/E ratio excluding cash and interest-bearing debt of consolidated retail finance subsidiaries</b>	0.48	0.42		

## Projection for FY2009, ending March 31, 2010

Projection for FY2009 ending March 31, 2010 remains unchanged from that announced on October 29, 2009.

% : Profit ratio [ ] : Sales after elimination of inter-segment transaction Billions of yen

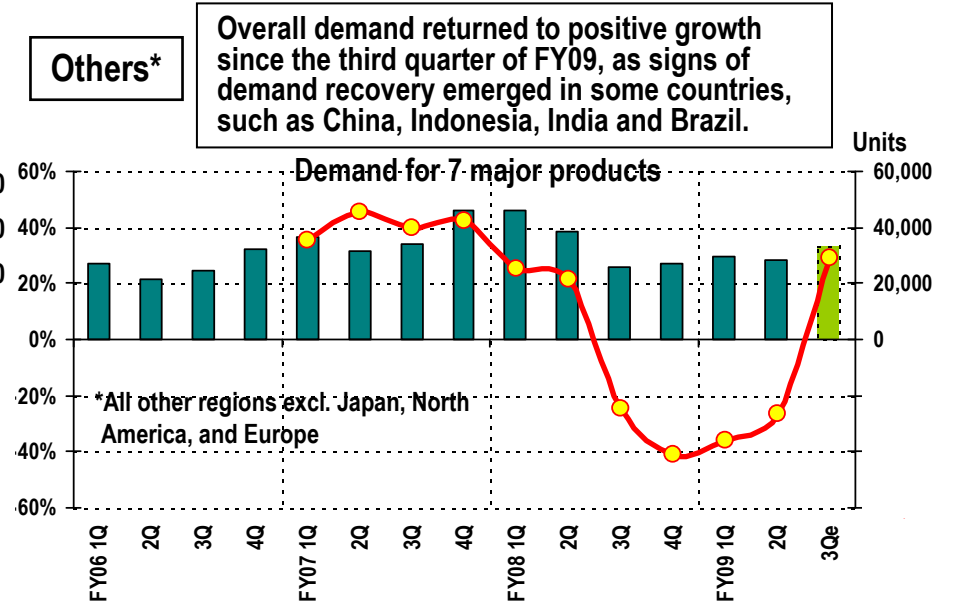
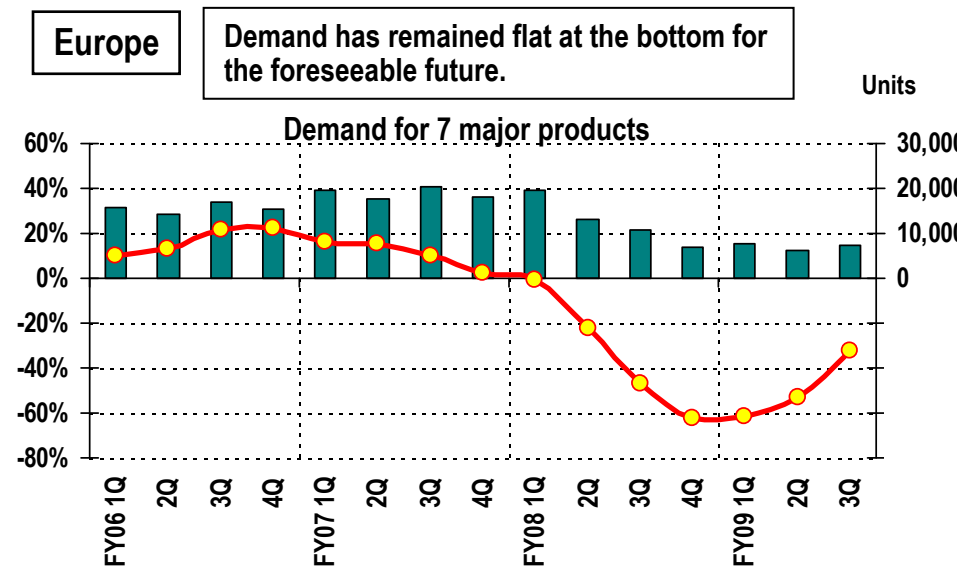
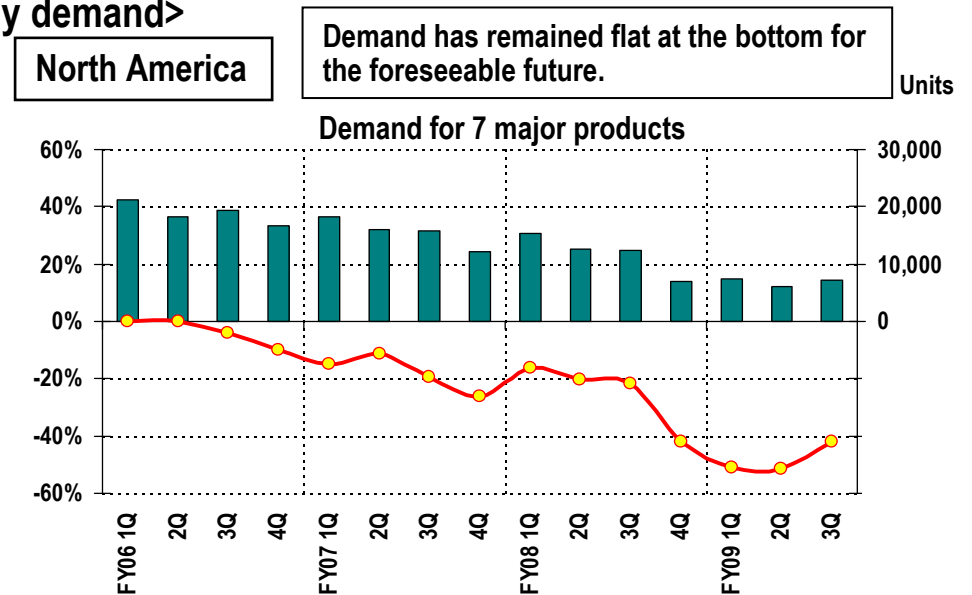
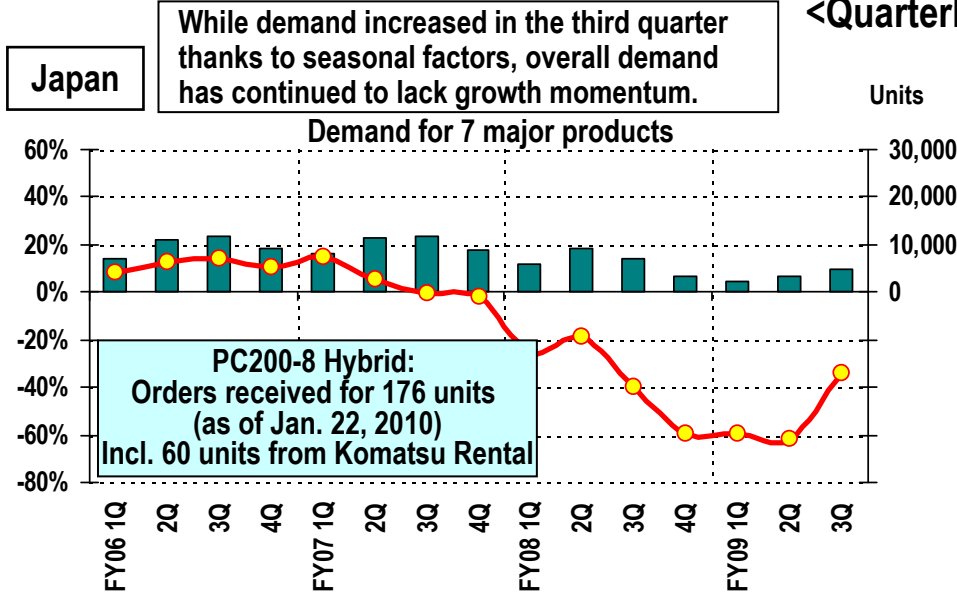
	FY2008 Results 1 USD = 101 yen 1 EUR = 143 yen	FY2009 Projection 1 USD = 95 yen 1 EUR = 129 yen	Increase (decrease)	
<b>Net sales</b>	2,021.7	1,430.0	(591.7)	(29.3)%
Construction, Mining & Utility Equipment	[1,744.7]1,749.3	[1,267.0]1,270.0	[(477.7)] (479.3)	[(27.4)%] (27.4)%
Industrial Machinery & Others	[277.0] 303.3	[163.0] 180.0	[(114.0)] (123.3)	[(41.2)%] (40.7)%
Elimination	(31.0)	(20.0)	-	-
<b>Segment Profit</b>	<span style="border: 1px solid black; padding: 2px;">9.3%</span> 188.6	<span style="border: 1px solid black; padding: 2px;">6.0%</span> 86.0	(102.6)	(54.4)%
Construction, Mining & utility Equipment	<span style="border: 1px solid black; padding: 2px;">10.3%</span> 180.4	<span style="border: 1px solid black; padding: 2px;">7.0%</span> 89.0	(91.4)	(50.7)%
Industrial Machinery & Others	<span style="border: 1px solid black; padding: 2px;">4.2%</span> 12.8	<span style="border: 1px solid black; padding: 2px;">1.9%</span> 3.5	(9.3)	(72.8)%
Elimination	(4.6)	(6.5)	-	-
<b>Other operating income (expenses)</b>	(36.7)	(14.0)	+ 22.7	-
<b>Operating income</b>	<span style="border: 1px solid black; padding: 2px;">7.5%</span> 151.9	<span style="border: 1px solid black; padding: 2px;">5.0%</span> 72.0	(79.9)	(52.6)%
<b>Other income (expenses)</b>	(23.1)	(10.0)	+ 13.1	-
<b>Income before income tax</b>	128.7	62.0	(66.7)	(51.9)%
<b>Net income*</b>	78.7	35.0	(43.7)	(55.6)%
<b>Cash dividends per share</b>	40 yen	16 yen	(24) yen	

\* Upon adoption of the FASB Accounting Standards Codification (ASC) 810 (formerly SFAS No.160), "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

### **3. Market Conditions of Construction & Mining Equipment**

## Construction, Mining & Utility Equipment: Demand Trend in Japan, North America, Europe & Others

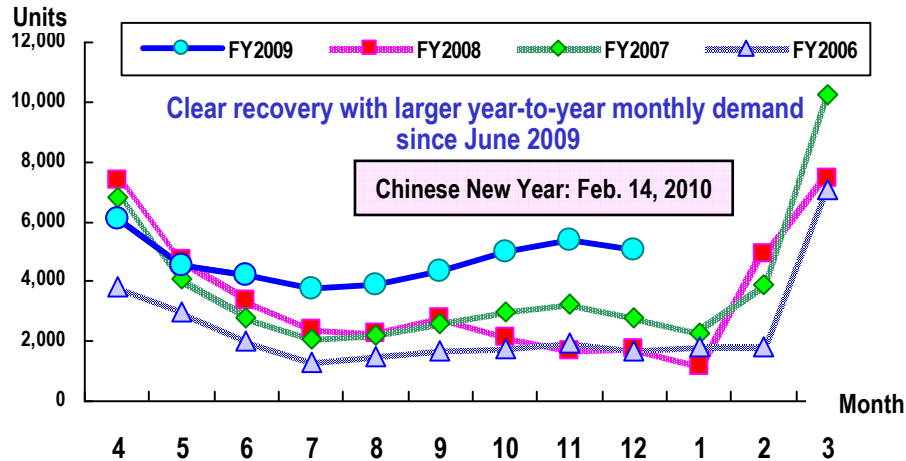
### <Quarterly demand>



■ Market demand (unit basis)      ● Growth rate

## Construction, Mining & Utility Equipment: Demand Trend in China

**Monthly demand for hydraulic excavators**  
(Foreign manufacturers: Total number of 6-ton class and over)



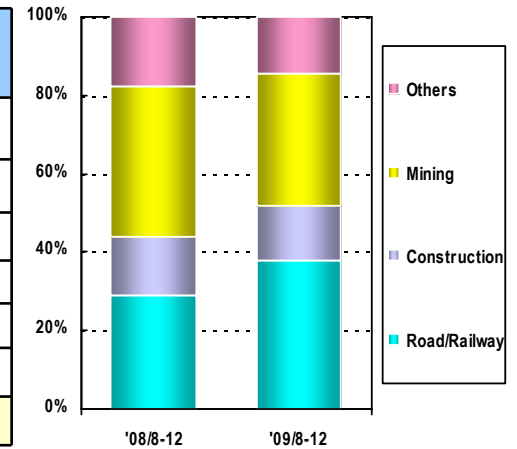
**Growth of demand for hydraulic excavators by region**  
(Foreign manufacturers: Total number of 6-ton class and over)

Demand improved in all regions in the 2009 July-December period

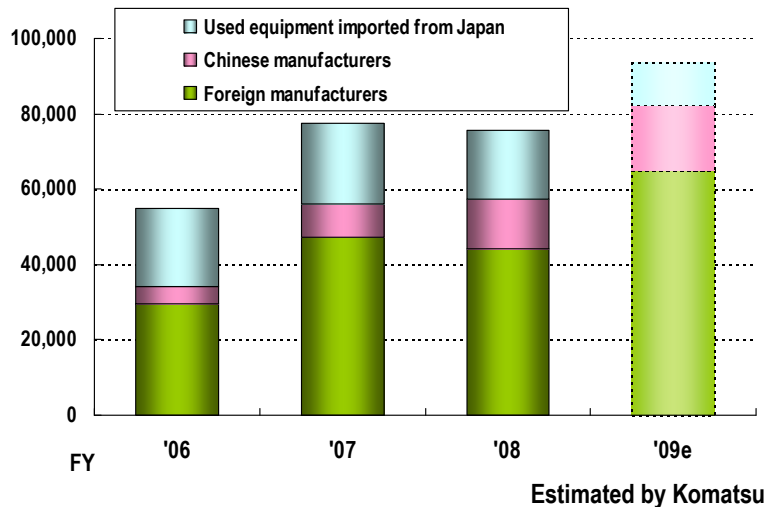
	2009 Jan-Jun (Yr/Yr)	2009 Jul-Dec (Yr/Yr)	2009 Dec (Yr/Yr)
North east	(5.0)%	+143.9%	+289.4%
North	(40.5)%	+74.3%	+245.1%
Central	+22.6%	+126.6%	+103.4%
East	(14.4)%	+133.4%	+226.4%
South	(13.1)%	+133.3%	+159.7%
West	+26.5%	+111.2%	+166.1%
<b>Total</b>	<b>(10.8)%</b>	<b>+111.3%</b>	<b>+186.9%</b>

**Sales (Unit) by industrial sector**  
(Foreign manufacturers: Total number of 6-ton class and over)

Sales advanced in the road/railway sector in 2009.



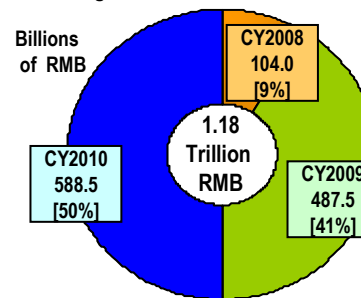
**Demand for hydraulic excavators**  
(Foreign manufacturers, Chinese manufacturer and used equipment imported from Japan: Total number of 6-ton class and over)



### Public-sector related investment

Growth in public-sector related investment projected to continue in 2010.

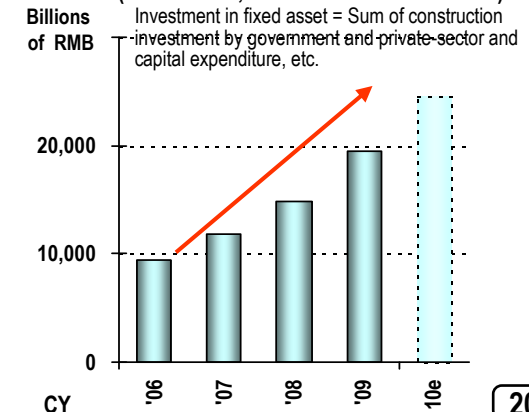
<Status of Public-sector related investment of 4 trillion RMB>  
Public-sector related investment by Central government: 1.18 trillion RMB



Source: Ministry of China

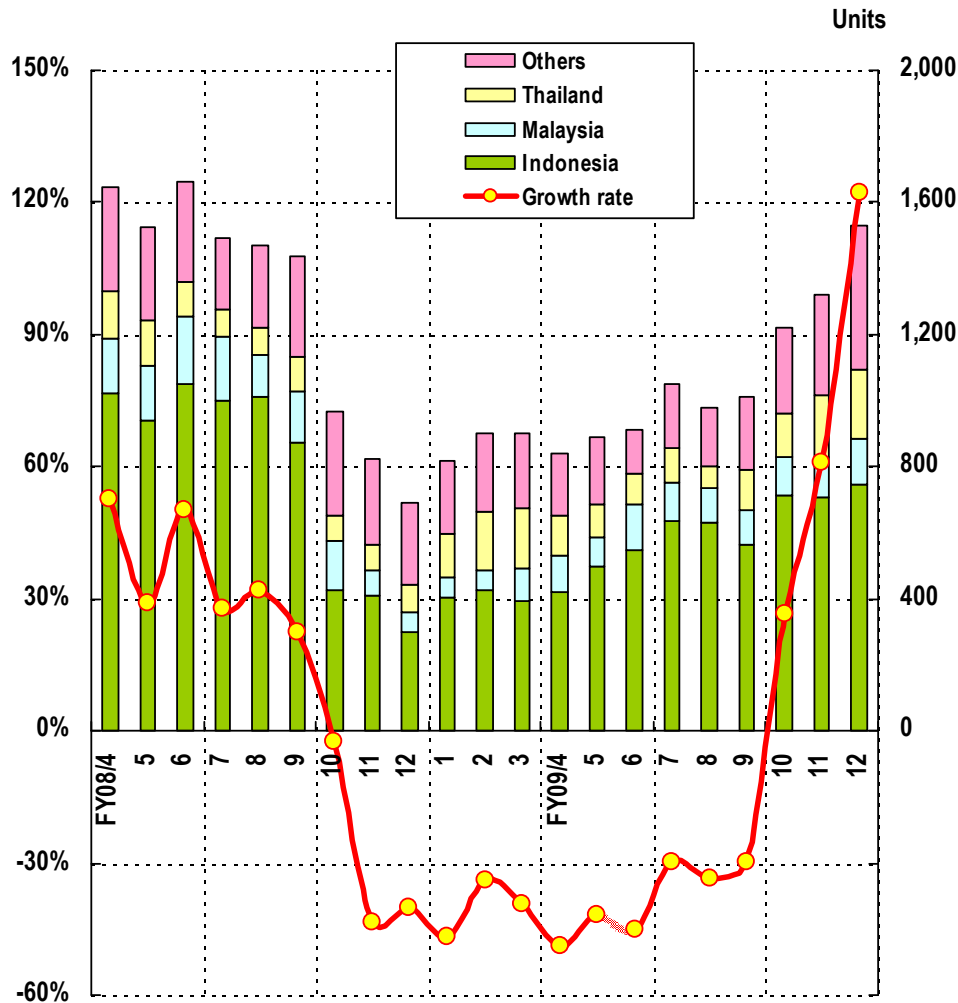
<Investment in fixed assets>

(Urban areas, 0.5 million RMB and above)  
Investment in fixed asset = Sum of construction investment by government and private-sector and capital expenditure, etc.



## Construction, Mining & Utility Equipment: Demand Trend in Southeast Asia

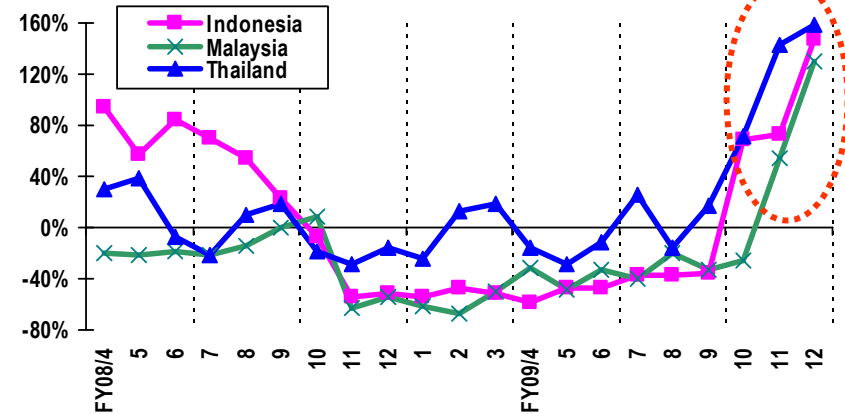
Monthly demand in Southeast Asia  
(Demand for 7 major products)



Estimated by Komatsu

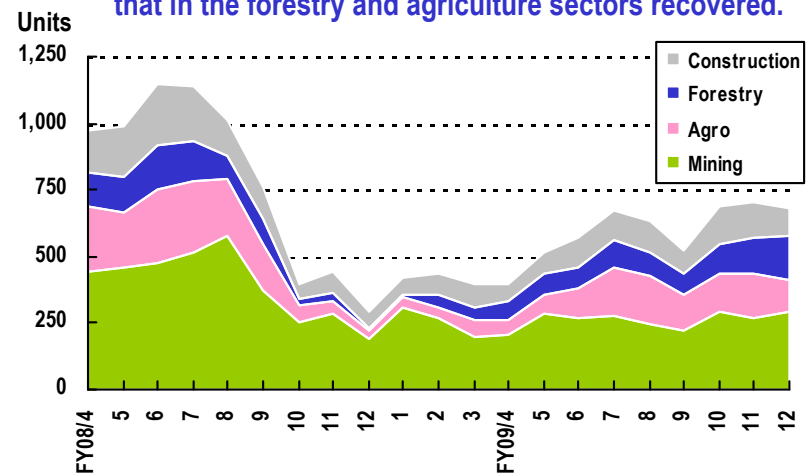
<Rate of growth in three major markets>  
Demand for 7 major products

Upturned in Indonesia and Thailand in Oct. 2009, and in Malaysia in Nov.

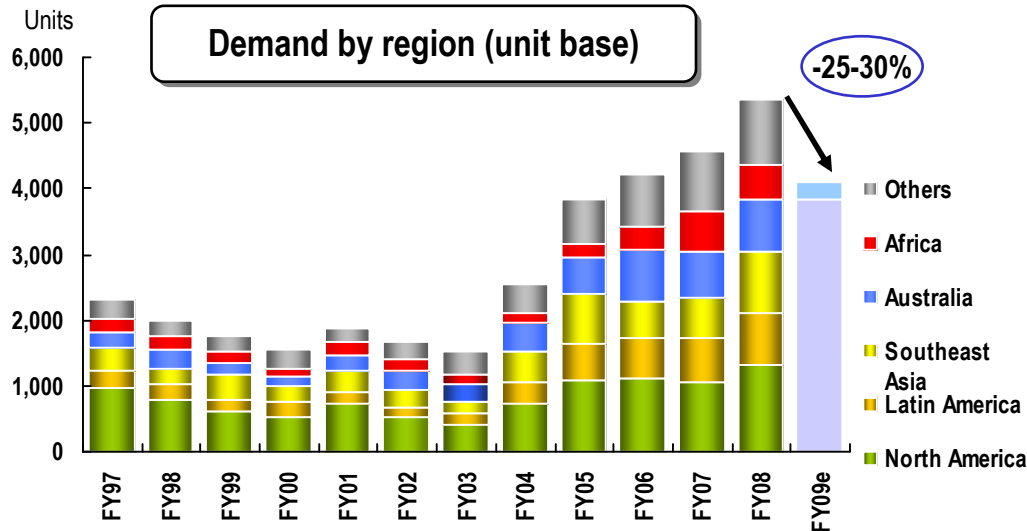


Demand by sector in Indonesia

While demand remained steady in the mining and construction sectors, that in the forestry and agriculture sectors recovered.

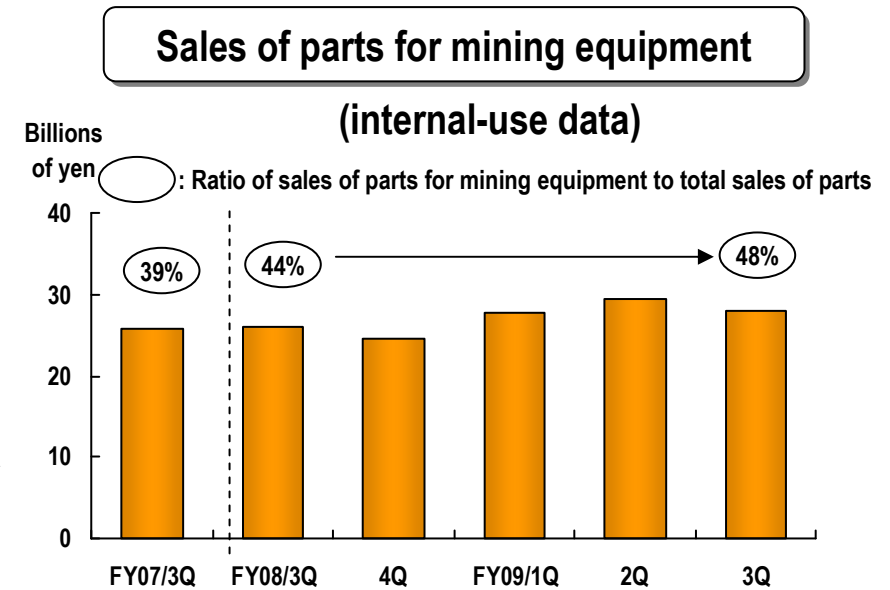


## Construction, Mining & Utility Equipment: Mining Equipment



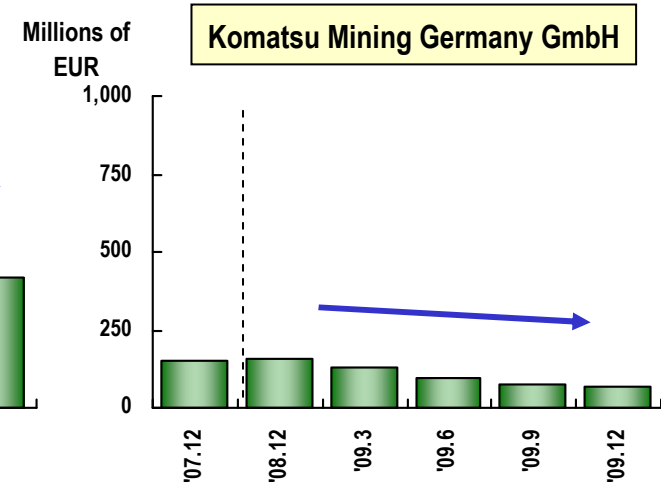
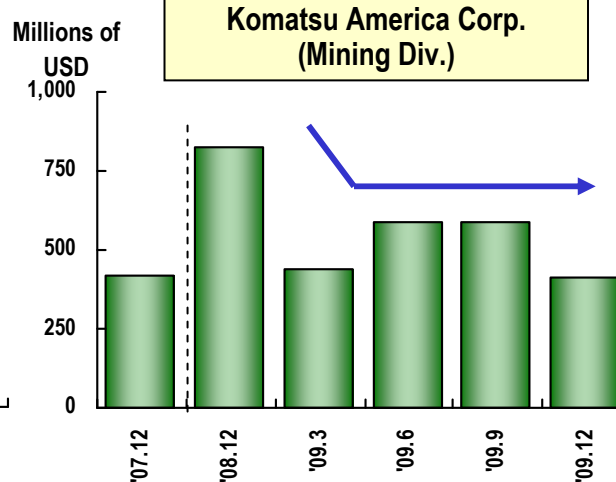
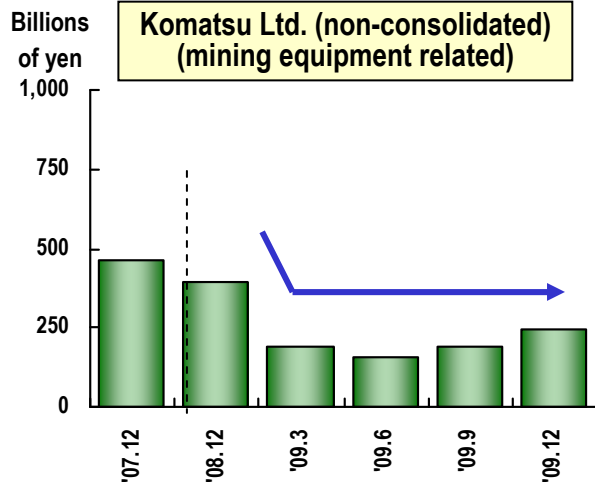
- Dump trucks: 75t (HD785) and above
- Bulldozers: 525HP (D375) and above
- Excavators: 150t (PC1600) and above
- Wheel loaders: 500HP (WA700) and above
- Motor graders: 280HP (GD825) and above

Estimated by Komatsu



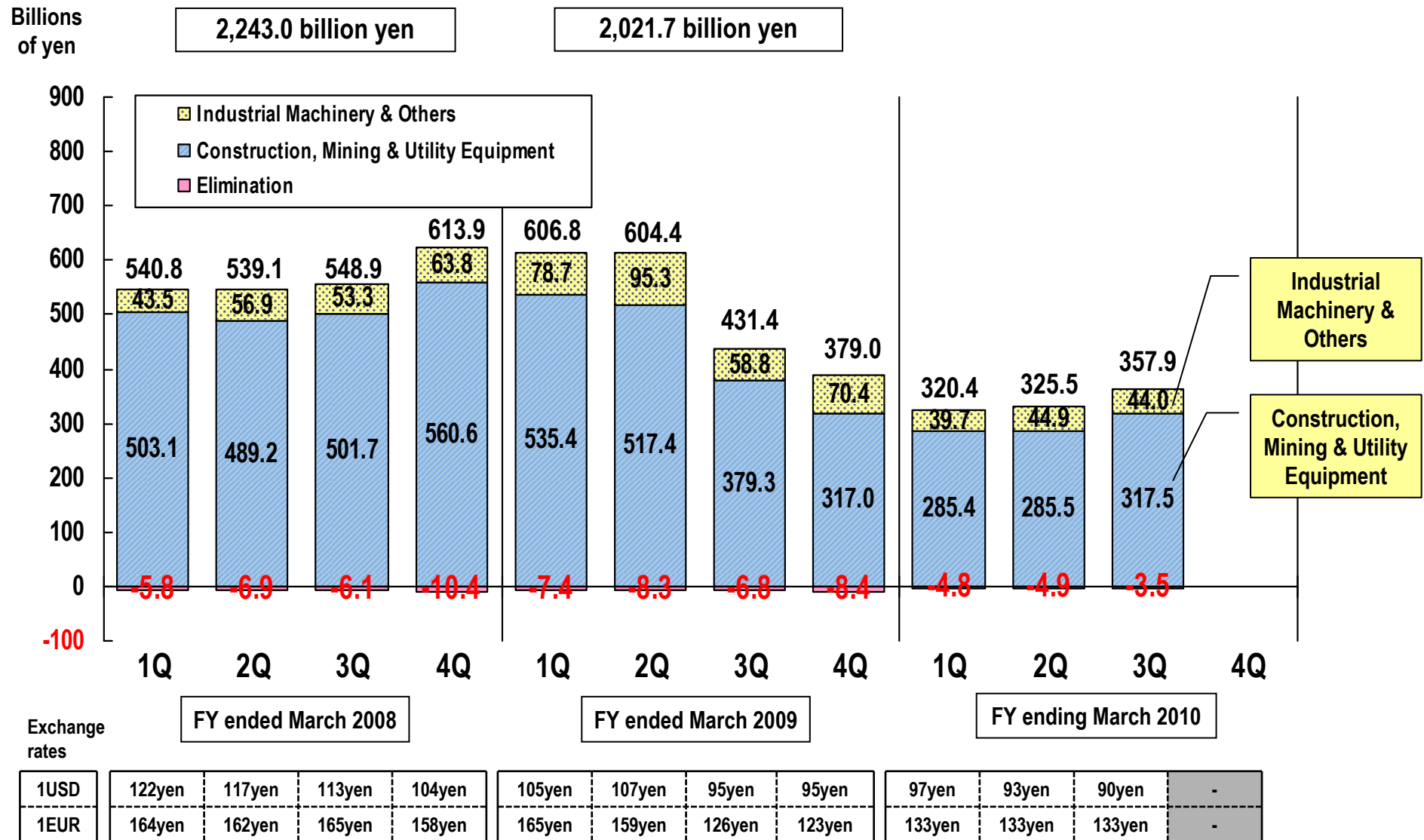
### Backlog orders

\* Finished products only. Excl. parts and service.

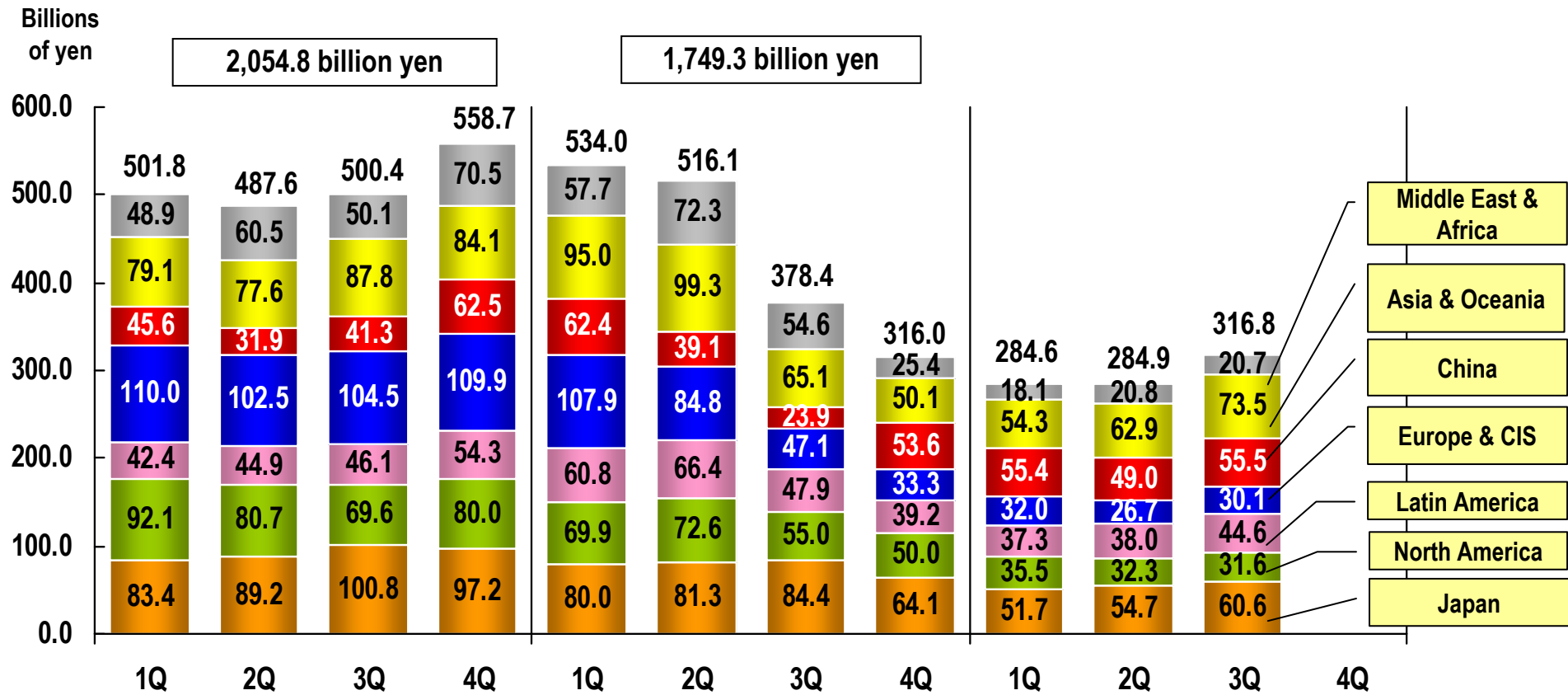


**<Appendix>****Quarterly Sales and Segment Profit**

## Quarterly Sales by Business Segment



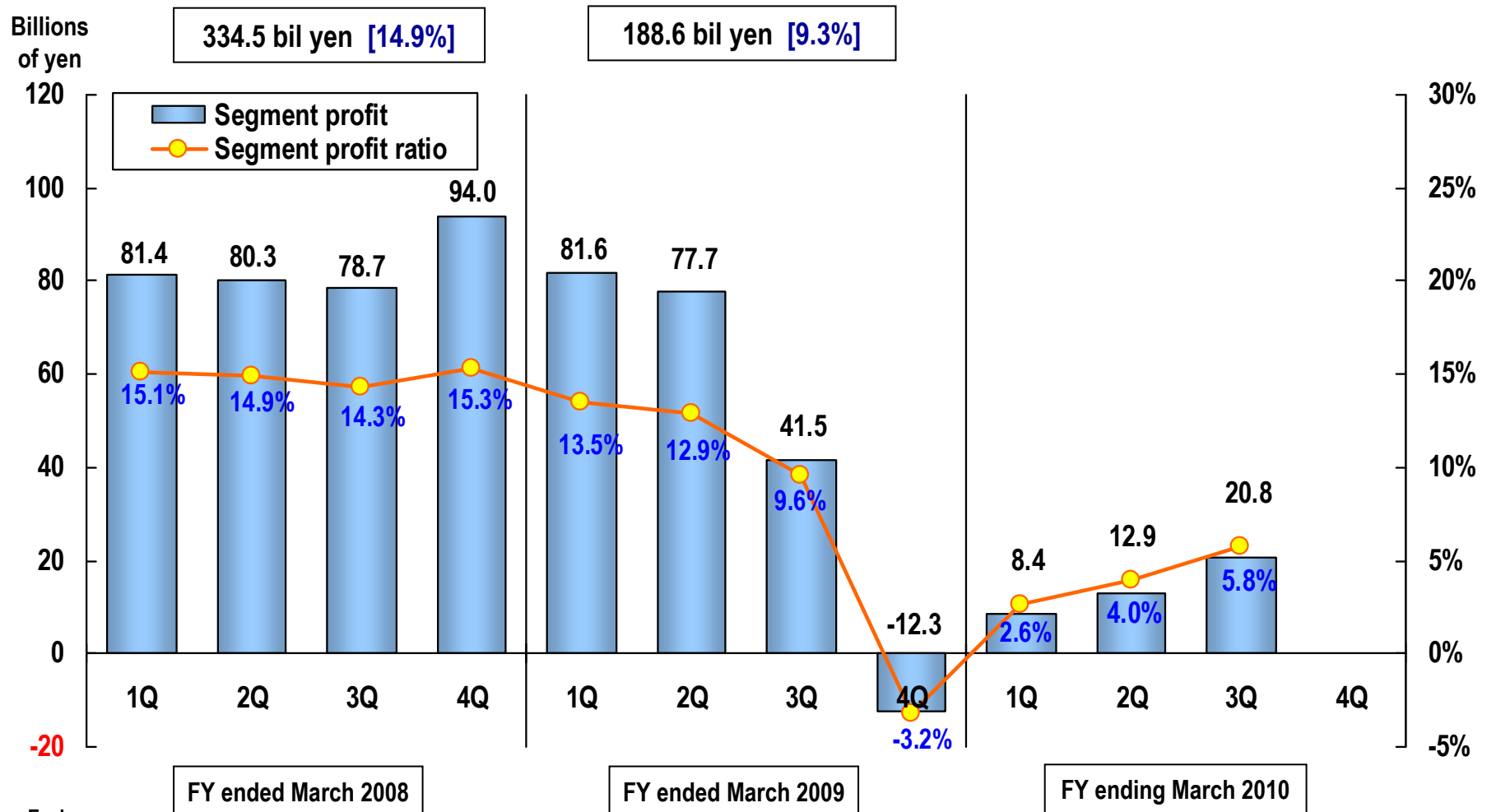
## Construction, Mining & Utility Equipment: Quarterly Sales (To Outside Customers) by Region



Exchange rates

	FY ended March 2008				FY ended March 2009				FY ending March 2010			
1USD	122yen	117yen	113yen	104yen	105yen	107yen	95yen	95yen	97yen	93yen	90yen	-
1EUR	164yen	162yen	165yen	158yen	165yen	159yen	126yen	123yen	133yen	133yen	133yen	-

## Quarterly Segment Profit: Total



Exchange rates

1USD	122yen	117yen	113yen	104yen	105yen	107yen	95yen	95yen	97yen	93yen	90yen	-
1EUR	164yen	162yen	165yen	158yen	165yen	159yen	126yen	123yen	133yen	133yen	133yen	-

## Cautionary Statement

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This presentation sheets contain forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects," "plans," "expects," and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this presentation sheets, and Komatsu assumes no duty to update such statements.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated costs or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new information technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

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**PC200-8 hybrid hydraulic excavator operating in China**

**Corporate Planning, Komatsu Ltd.**

TEL: +81-3-5561-2687

FAX: +81-3-3582-8332

E-MAIL: [ir@komatsu.co.jp](mailto:ir@komatsu.co.jp)

<http://www.komatsu.com/>